



BIRKHALL

8th September, 2004

A Dear Sir

It was a great pleasure to get you both to Birkhall for tea last weekend and to discuss various issues. I thought it might be helpful if, as usual, I put them in writing...

The main issue that we talked about was agriculture. I mentioned to you the anxieties which are developing, particularly amongst beef farmers and to a lesser degree sheep farmers, of the consequences of the Mid Term Review. There is no doubt that decoupling support from production provides many opportunities, but it is also creating some real fears amongst the livestock sector. As you know, beef farmers were particularly heavily subsidized and the worry is that the removal of specific livestock support may mean that farmers will decide it is simply not worthwhile rearing animals. If this happened the large areas of the countryside dependent on beef and sheep farming will change beyond all recognition. As with all these things, a balance has to be struck. You know that I have been an advocate of the principles behind the Mid Term Review, but as we agreed right at the start, the method of implementation of the new regime is what will make all the difference. I discussed with you some relatively simple steps which I think could be taken to ameliorate the situation and ensure that help is given to ease the transition to the new world. If I may, I shall list them:

- a) Every support must be given to beef farmers so that they can seize the new opportunities and cope with the reduction in support – in other words they must be encouraged to co-operate and learn about marketing. The English Farming and Food Partnerships is working hard in this area, but I wondered if it would be possible for the Government to channel funds specifically to help the beef sector through the existing Agricultural Development Scheme? As I understand it, through this mechanism the Government can grant-assist groups of farmers to start marketing or other initiatives. Inevitably, such help needs to be advertized widely so that the maximum number of farmers are encouraged to benefit from the funding and advice available.

- b) Sufficient support needs to be provided to hill farmers who play a particularly crucial role in maintaining the beauty and the communities of the uplands. The dry stone walls, the unique livestock management practices, such as hefting of sheep, and the social fabric of these areas are utterly dependent upon these farmers. If they are to care for the land in the way that the public would wish and improve their own competitiveness and marketing, the Hill Farming Allowance, which currently exists alongside the new Single Farm Payment, must remain. There is a growing sense of anxiety that the Treasury will try to stop it once the S.F.P. is in place and I cannot overemphasize just how important it is that this support remains in place.
- c) Essential to livestock farmers is access to a sufficient infrastructure of livestock markets, abattoirs and cutting facilities, particularly if they are to respond as we would want to the growing opportunities for direct selling and collaborative marketing. Indeed, this was one of the recommendations in Don Curry's original report. I am sure that Regional Development Agencies could do more in this area, and any encouragement which they could be given by central Government would be much appreciated by the livestock sector.
- d) So much depends on the consumer demanding British produce and I only wish that more could be done to encourage people to buy British and to understand that it is only with their support that British agriculture and the countryside will survive. I know that European Rules preclude the Government from running a campaign to promote, solely, British produce but, for all that, it would be splendid if the Government could find innovative ways to give the necessary lead.
- e) Public procurement of beef is an obvious area in which the Government could make a substantial difference to the beef sector. For instance, I understand that the Ministry of Defence is now sourcing a proportion of beef from British suppliers, but no doubt more could be done.
- f) I have raised with you on a number of occasions the importance of reducing the bureaucratic and administrative burden on farmers, and you have been most reassuring in your replies. Suffice it to say that any pressure which you can bring to bear on

D.E.F.R.A. through the Panel for Regulatory Accountability, which you told me you are chairing, would be much appreciated. Vigilance is essential to help officials resist returning to type!

I also mentioned to you the increasing problems affecting the dairy sector. I have been speaking to a number of different people about what could be done to ameliorate the situation and there is no doubt that one major problem appears to be the Office of Fair Trading. As you know, the dairy sector is going through a major rationalization and many existing farmer-owned co-operatives are expanding as farmers increasingly understand that by working together they have more power to deal with processors and retailers. Unfortunately, I am told that the Office of Fair Trading is becoming a serious obstacle to developing dairy co-operatives of the necessary size and influence. As I understand it, it sees the United Kingdom as ring-fenced with the Channel acting as a barrier to imports, which is, of course, ridiculous. The O.F.T.'s view is that it will oppose any company which looks like exceeding twenty-five per cent of the U.K. market share. Meanwhile, in Europe, particularly Denmark and Germany where co-operatives are more established, competition law is being interpreted entirely differently and there is one co-operative in Denmark that has a ninety per cent market share! This may be somewhat excessive, but unless United Kingdom co-operatives can grow sufficiently the processors and retailers will continue to have the farmers in an arm lock and we will continue to shoot ourselves in the foot! You did kindly say that you would look at this and see if there was anything which could be done to help the O.F.T. to take a wider view.

Finally, I did raise an entirely different subject to do with the resources available for our Armed Forces. I mentioned to you that during a recent visit to Northern Ireland I was able to see the hugely impressive airborne surveillance capability provided by the Armed Forces in the Province and, increasingly, in support of British Forces in Iraq. In particular, I saw the Army Air Corps's "Oxbow" equipment, which is a major advance in surveillance technology. The aim of the Ministry of Defence and the Army Air Corps to deploy this equipment globally is, however, being frustrated by the poor performance of the existing Lynx aircraft in high temperatures. Despite this, the procurement of a new aircraft to replace the Lynx is subject to further delays and uncertainty due to the significant pressure on the Defence Budget. I fear that this is just one more example of where our Armed Forces are being asked to do an extremely challenging job (particularly in Iraq) without the necessary resources.

I do apologize for writing at such length. Meanwhile, I cannot tell you how grateful I am to you for agreeing to give my Business and the Environment Programme's Tenth Anniversary Lecture next Tuesday, and I am particularly pleased that Mrs. Blair will also be coming to Clarence House for the reception and dinner afterwards, although I do understand that you both have to slip off after my speech, which I will now be giving before dinner.

Yours ever

Manny



10 DOWNING STREET
LONDON SW1A 2AA

11 October 2004

THE PRIME MINISTER

Dear Prince Charles,

Thank you very much for your letter of 8 September, following up our discussion. As ever I found your points constructive and thought provoking.

Can I start, though, by thanking you and your staff – on behalf of Cherie and myself – for the organisation and hospitality around the Business and Environment programme 10th anniversary lecture. It proved to be the ideal audience for what I wanted to say, and has once again proved how farsighted you were in setting the programme up.

Before going onto your detailed points, I should say that I am generally very encouraged by the way the farming community are starting to look for solutions to issues themselves rather than looking automatically to government. The maturity of approach in the NFU leadership over the poor harvest for example suggests that much of what we have both been trying to achieve has started to bear fruit. Successful implementation of the CAP deal is now, as you recognise, our top farming priority. We must not only get the processes right, but win hearts and minds as well – and the presentation of the Entry level scheme and the whole farm plan will be very important here.

In this vein you raised specifically the issue of beef farmers. I agree with you that EAFP are starting to do some good work. Where I might take a slightly different approach is on possible support for the industry. At present, I understand that the main problem in the UK market is undersupply of beef. But if we lift the over Thirty Month scheme, this will change dramatically. So my priority is to work towards help for beef farmers to re-establish their markets post OTMS, rather than in the very immediate future. The Meat and Livestock Commission will have an important role here.

I agree with you that we must continue to support hill farmers, and their role in maintaining some of our most valuable habitats and environments. I understand that the Hill Farm Allowance will continue until 2007, and that consultation on a replacement regime will start from the basis that a similar quantum of support will be needed for hill farmers thereafter.

I hope we have started to turn the corner on infrastructure support for local produce – and I agree that the benefit of promoting local sourcing is markedly reduced without this. Martin will share a detailed note on this with including a number of cases where processing and marketing grant and/or the rural enterprise scheme have made a difference.

Your mention of the RDAs was interesting. I hope the transfer of money from DEFRA for them to cover rural issues will provide an incentive for them to really get to grips with the issues of rural economic performance. But it is clear they need in some cases to up their game.

As you know, I have long been a supporter of the red tractor and of local sourcing as means of promoting British food. I think we are making progress on each of these, and the new leadership and governance of the red tractor is starting to make an impact. The armed forces' record in using British food is much understated, but I will see if we can do more on beef in particular, to coincide with any lifting of the OTMS.

I also think we are beginning to up our game more generally on public sector food procurement. Regional training workshops should start next month, Larry Whitty is setting up a national suppliers network. The Government Offices are working well on promoting good procurement of food, and the locally sourced school meals agenda is definitely moving forward. Finally, the MLC report that 60% of local authorities claim to have adopted sustainable development criteria in their food purchasing.

We remain at one on the importance of reducing bureaucracy and administrative burden on farmers. I hope that the ending of IACS forms with the introduction of the new single farm payment will herald a step reduction in red tape. It should be followed by the whole farm plan, with a one-stop shop for farmers' interactions with regulators. But DEFRA need to do more, and we are working with them to deliver a really good strategic approach to regulation.

Finally, on agriculture, you raised the issue of milk. I hear different stories about the OFT attitude and part of the perception that they are a problem may well stem from the period in the immediate aftermath of Milk Marque. Of course, as you recognise, they are rightly an independent body and I couldn't influence them even if I wanted to. I also welcome the proposed Q&A for

farmers from the OFT, and their private willingness to talk to co-operatives, on a without prejudice basis. But I understand you have your own channels of information, and would welcome any further information you get on the subject.

I am of course also aware that the price of milk has been depressed for some time. It may be that the single farm payment will help here.

On the subject of the Lynx helicopter, the limitations of the existing platform, particularly in the extremely challenging environment within Iraq, are well recognised by the Ministry of Defence. Nevertheless, we do have four Lynx Mk9 helicopters from 1 Regiment Army Air Corps deployed alongside Chinook and Puma with the Joint Helicopter Force (Iraq) and, as necessary, we do seek to improve the surveillance capabilities available to our deployed forces through the Urgent Operational Requirement process.

In the longer term, the programme to replace the capability provided by the Lynx has been absorbed into a new Future Rotorcraft Capability programme. This seeks to consider holistically the overarching future capability requirement for helicopters and to deliver a more coherent future programme, avoiding some of the pitfalls that we have encountered in the past where a number of individual projects have found themselves in competition for priority within the Equipment Programme. While the Ministry of Defence clearly has to operate within finite resources, our planned investment in future helicopters will be substantial – around £3 billion over the next ten years and over £6 billion over the coming two decades. Replacement of the Lynx and Gazelle reconnaissance and surveillance capabilities will be a priority for this programme, which will also seek to deliver

a future fleet that is fully capable of deployment in all anticipated operational environments.

I hope this is of some help and
I much enjoyed your speech to the
dinner on climate change,

Yours truly,
Tony

His Royal Highness The Prince of Wales KG KT GCB AK QSO ADC



CLARENCE HOUSE

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c VB
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24th February, 2005

Dear Home Minister,

It was very good to see you again the other day and, as usual, I much enjoyed the opportunity to talk about a number of issues. You kindly suggested that it would be helpful if I put them in writing – despite the Freedom of Information Act!

We discussed at some length the agricultural situation. The most pressing and urgent problem is, without doubt, the rising numbers of T.B. cases in cattle. As I think I mentioned, T.B. is affecting 5,000 farms each year, 20,000 head of cattle are being slaughtered and the cost to the taxpayer is £100 million annually. As you know, all the evidence is that T.B. is caused and spread by badgers. You said that you were aware of the recent study in the Republic of Ireland which proved that badger culling is effective in ridding cattle of T.B. – in Donegal, for instance, by the fifth year of the trial there was a 96 per cent reduction of cattle infection in the badger “removal” areas.

I know that the Government is planning shortly to announce a ten-year strategic framework for the control of the disease but, as far as I can tell, there is no evidence that this will include a commitment to deal with the badger problem in the immediate future, although there is a strong rumour that the Government may be intending to reduce the levels of compensation to farmers, something which, I happen to think, would be less than fair and would provoke real anger amongst farmers. Apart from the appalling waste of valuable cattle, I explained to you my real fear that unless something is done urgently we could end up with another food scare and I know you remember only too well the consequences of B.S.E. and F.M.D.... Certainly, the raw milk cheese-producers, many of whom have established their businesses in an effort to diversify their farms, which is what the Government wants, are deeply fearful of what may happen to them and I know that Sir John Krebs, the outgoing Chairman of the Food Standards Agency, shares their fears. So all I can say is that I do

urge you to look again at introducing a proper cull of badgers where it is necessary. I, for one, cannot understand how the "badger lobby" seem to mind not at all about the slaughter of thousands of expensive cattle, and yet object to a managed cull of an over-population of badgers - to me, this is intellectually dishonest.

I also mentioned to you the sheer weight of bureaucracy under which farmers are labouring at the moment as the new Single Farm Payment comes into force. It is causing much anxiety and I know how strongly you feel about the need to cut bureaucracy where possible, especially in your role as Chairman of the Panel for Regulatory Accountability. You said that this was something you might look into, so I thought it could be helpful if I just listed the documentation that farmers have received in recent weeks, and this is in addition to new regulations on fallen dead stock and a consultation paper on waste controls:

S.F.P. November update - 31 pages

S.F.P. Cross compliance handbook - 52 pages

S.F.P. Set Aside handbook - 39 pages

S.F.P. Cross Compliance Guidance for Soil Management - 40 pages

S.F.P. Cross Compliance Guidance for the Management of Habitat and Landscape Features - 48 pages

Consultation paper on agriculture waste regulations - 19 pages.

I also told you about the Rural Payments Agency's recent announcement that it would not be able to send out the first Single Farm Payment cheques until next February at the earliest, largely because of computer shortcomings. This is painful for all farmers, but particularly tenant farmers who normally delay paying their rent until, under the old system, the subsidy cheques arrived. I told you that the National Farmers' Union had suggested a small interim payment to tide farmers over and I do think that this is something well worth considering to reduce hardship and uncertainty.

You have heard me tell you on so many occasions about the importance of the family farmers, particularly those who reside in the upland areas. These are, without doubt, the most beautiful areas of the country which tourists flock to see, and yet they are the most

difficult areas to farm and are most disadvantaged in every way for those who live there. That is why I am doing what I can to help them manage under the new regime, not least by trying to persuade companies to second someone who can help galvanize these farmers so that we can break what is, in all too many cases, a cycle of despair and hopelessness. They need all possible help to learn to co-operate, to market more effectively and to make the most in business terms of the beautiful areas within which they live.

I also mentioned to you my anxiety about this country's lack of self-sufficiency in staple foods, such as meat and vegetables. Recent trade figures showed a decline of 12 per cent over the decade falling from 86 per cent in 1994 to 74 per cent in 2004, and only 64 per cent for all food. On both environmental and economic grounds this has to be a worrying trend, let alone from the point of view of this country's food security.

We also discussed at some length the behaviour of the retailers and in recent months there have been some particularly shocking examples, some of which would appear to be in contravention of the existing statutory Supermarket Code of Practice. There is no doubt that the dominant position of the retailers is the single biggest issue affecting British farmers and the food chain, and if it is not dealt with all the other good work which has been going on risks becoming virtually useless. I know that Margaret Beckett recently made clear that the Government was less than pleased by what had been happening and indicated that she supported the idea being mooted amongst some of the leaders of the agriculture community, not least [redacted] and the National Farmers' Union, that a voluntary "Buyer's Charter" should be created to address the issues of reasonableness and fair play within the food chain. I understand that the proposal would be for an independent arbitrator to be appointed to deal with individual complaints in an entirely private way. I suggested that it might be worth considering [redacted] for this role.

[redacted] might have the time to do it and I would think [redacted] would have all the necessary skills for the job...

We spoke also about the enormous problem of climate change and the remarkable leadership role which you are taking in this area with the U.K.'s Presidency this year of the G8 and the European Union, for which I can only congratulate you. As I mentioned, there is a particular worry that the Government's recent decision to revise its National Allocation Plan may undermine some of your good work and I know that this is something about which the N.G.O.s, who are so supportive of the work you are doing, are equally concerned. Nevertheless, do rest assured that you have a great deal of support and all I would say is that you may find it worthwhile to explore not just what industry can do to cut emissions, but also the wider community. Energy efficiency could make a huge difference and would engage the public in the whole subject in a way that simply focussing on industry's role will not.

We also discussed the built environment and, in particular, the uncertainty as to how the approximately one hundred National Health hospitals will be redeveloped for housing under the Government's plans. As I mentioned, it is so important both in order to secure the maximum economic benefit and to provide places and communities in which people want to live, that this is done with great care and thought. I like to think that my Foundation for the Built Environment is one of the leading sources of expertise in this area and you kindly said that the Chief Executive, Mr. Hank Dittmar, might come in to brief your advisers on this important issue.

We briefly mentioned the European Union Directive on Herbal Medicines, which is having such a deleterious effect on the complementary medicine sector in this country by effectively outlawing the use of certain herbal extracts. I think we both agreed this was using a sledgehammer to crack a nut. You rightly asked me what could be done about it and I am asking the Chief Executive of my Foundation for Integrated Health to provide a more detailed briefing which I hope to be able to send shortly so that your advisers can look at it. Meanwhile, I have given Martin Hurst a note suggesting someone he could talk to who runs the Herbal Practitioners' Association.

I apologise for the length of this letter!

Yours ever

Uranus



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THE PRIME MINISTER

30 March 2005

Dear Prince Charles,

Thank you very much for your letter following up on our enjoyable conversation. As you know, I always value and look forward to your views – but perhaps particularly on agricultural topics.

You raised first the issue of bovine TB, and the link to badgers. The Irish trials have indeed changed everything here, as I know Ben Bradshaw acknowledges. The crucial thing is now rapidly to work up the full case for action, so as to enable an early decision. (If we do not work through the case properly we will be challenged in the courts.) While I can personally see the case for culling badgers, I would not want to prejudge the decision. But I am not prepared to tolerate unnecessary delay, and I know, again, that Ben agrees.

Martin will give a note outlining what Defra are doing on farmer bureaucracy. I think that Defra are starting to get their act together - on the cross compliance regulations, they did for example ask farmers how they preferred to get advice and the clear answer was for guidance leaflets, which they could refer to as they wished. But I hold no brief for the size of the guidance!

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And Defra's research shows a two thirds drop in form filling time – including cross compliance – compared with the old system. I take this with a heavy pinch of salt, but even so it is encouraging that they are, at least, seeking to ask these questions. But that said, I share your feeling that there are some unreconstructed regulators still around, which is why we insisted that the Defra 5 year plan include a pledge to cut farming red tape by 25 per cent. It is also very important that Defra analyse what they are doing against the cumulative burdens they are placing on the sectors of farming – some of which simply cannot cope with more regulation at present. I can promise you that my Panel for Regulatory Accountability will stay firmly on the case.

You raised too the issue of delay to the Single farm payment and a possible interim payment. I have a lot of sympathy with this idea, particularly for tenant farmers and new entrants, neither of whom have the kind of asset base that might lead banks to be sympathetic. The only issue is whether we can find a way of doing it that does not delay the main payment further, but I really don't think this is insoluble. Defra are working on ideas, and I have said I want to be kept in the loop.

You may be aware that the picture on self-sufficiency is proving rather more complex than either of us thought when we spoke. I think the figures need unpicking: I believe [redacted] agrees. Martin and [redacted] will work with further on this.

I am very grateful for the work you are doing for family farms, particularly in upland areas. I saw many of these farms myself during FMD. Diversification beyond traditional farm business – including in the area of

tourism - is indeed part of the answer. If you find barriers to this do let me know. And I have long believed that farmers need to co-operate more, in order to equalise the negotiating power up the food chain and to minimise costs. I think EFPF are starting to do good work here.

I have on occasion expressed precisely the concern about retailers 'arm lock' on suppliers that you express so well. I know too that after something of an improvement things have recently got worse. As you may be aware (and this was the main reason why I have delayed writing until now) the OFT issued its report on this subject on Tuesday. I would not pretend that the report is earth-shattering in any way. But it is I think useful, in two respects. First it keeps the issue very firmly open, with comments sought on their findings by the end of May. Second it explicitly acknowledges the case for a voluntary 'buyers charter' of the kind you and Margaret Beckett have both espoused. We can and will now more easily run with a voluntary code.

I agree with you that energy efficiency can have a much larger role to play in our domestic action on climate change. The Budget supported this, as will forthcoming work on the sustainable buildings code: making a reality of energy efficiency in new buildings. I am also keen to see a bigger role for biocrops, provided we can avoid promoting monocultures.

I am really grateful for the suggestion that my staff meet Hank Dittmar. Martin and Miles Gibson met him earlier this week and were very impressed. They will help Hank with any blockages in Whitehall.

Thanks too for your contacts on herbal medicines – who have been sensible and constructive. They feel that the directive itself is sound and the UK regulators excellent, but are absolutely correct in saying that the implementation as it is currently planned is crazy. We can do quite a lot here: we will delay implementation for all existing products to 2011; we will take more of the implementation upon ourselves; and I think we can sort out the problems in the technical committee - where my European experts have some very good ideas. We will be consulting with your contacts and others on the best way to do this – we simply cannot have burdensome regulation here.

[Redacted by order of the Upper Tribunal]

Yours ever,
Tony

His Royal Highness The Prince of Wales KG KT GCB AK QSO ADC